

Fortune 200 Insurance Company Reduces IT Costs by 25%

Case Study

Client Info at a Glance

Company: Fortune 200 insurance company

Location: USA



INSURANCE

Business Value of TeamQuest: Large insurance company saved \$5 million in hardware expenses and \$800,000 in annual call center operations costs by improving response time by 5 seconds per call. Within three years, TeamQuest delivered hardware and software savings in excess of 25 percent of the company's annual IT budget.

Progress Of An ITIL Implementation At This Fortune 200 Insurance Company Was Revived With The Implementation Of Teamquest Software

“The pilot project saved roughly \$5 million in hardware expenses in one exercise alone. It also saved us \$800,000 in annual call center operation costs by improving response time by 5 seconds per call. And that’s just the beginning,” says the capacity manager. “Over a three-year period, TeamQuest delivered hardware and software savings in excess of 25 percent of our annual IT budget.”

*TeamQuest respects the privacy of its customers and their desires to keep secret what they believe to be a competitive advantage. Therefore, TeamQuest will not divulge the name of this client.

Fortune 200 Company Requires Better, Cheaper IT Service Delivery

With an average of five million customer service calls per month and 12 million claims-related transactions per day, this Fortune 200 insurance company is heavily reliant on high-performing IT to deliver services. High-performing IT doesn’t just happen; it requires careful planning and ongoing management in an environment that is forever changing, adapting, evolving.

The IT environment at this company consists of roughly 10,000 mainframe MIPS, 300 midrange servers (primarily Sun and IBM), 3,000 Windows servers, and 35,000 workstations (mostly Windows-based). While performance and capacity management tools were a mainstay on mainframes, Unix and Windows servers had little or no coverage despite their potentially significant impact on profit margins if they failed to perform.

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Internal reviews confirmed that IT service delivery was inconsistent and costs were higher than many competitors'. In this highly competitive marketplace, the company needed to improve in order to remain competitive, gain advantage and increase market share. After numerous internal discussions and consultations with industry experts, the company turned to ITIL best practices.

Capacity Planning Tools Are Not Optional

Shortly after the ITIL best practice implementation began, they realized existing capacity planning tools were insufficient. Vendor suggestions were equally unacceptable. "We relied on vendors to size machines using limited information," said the capacity manager at this insurance firm. "In most cases, this resulted in an over-capacity situation."

Credible and reliable performance and capacity management software was needed. At a minimum, this software was needed on midrange and Windows servers.

The search was underway.

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Can Any Vendor Make This Work?

The company first turned to ITIL consultants and industry analysts for input on potential vendors, and each of those vendors received a Request for Information (RFI).

"After the RFI process, we felt we had sufficient information to bypass the RFP process, and we cut a short list of vendors," said the capacity manager. "TeamQuest emerged as a leading candidate already at that point."

After evaluating several products, TeamQuest was chosen as their capacity planning and performance management vendor. “During the evaluation process, TeamQuest clearly demonstrated its superiority. It was also the easiest to use, and we were able to get the software up and running quickly. And it worked.”

Roll-out Reaps Early Benefits

After a rapid roll-out of TeamQuest software on the majority of the organization’s mission critical servers, IT uncovered serious performance and capacity issues for the first time.

“Analyzing TeamQuest data, we noted tremendous over-capacity and some surprising performance data that substantiated our suspicions about poorly performing applications,” he said. “Our suspicions didn’t get us far with the application team. But with objective TeamQuest data to point at and confirm our suspicions, we got their attention.”

IT was able to pinpoint specific causes of ongoing application performance problems and commission work for corrective actions. This exercise also helped improve database indexing processes.

“TeamQuest enabled us to cut resource consumption in half for one frequently used application while substantially improving response times,” said the capacity manager. “That really got management’s attention.”

With management now keenly aware of the impact of TeamQuest software, IT launched several major improvements to performance management processes.

Improved communication and collaboration between IT and line of business managers was another substantial benefit of TeamQuest software. With accurate and objective software

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in place to support mature capacity management practices, IT was able to demonstrate the value of IT in making and executing business decisions. IT could now provide, for example, infrastructure options with associated costs when negotiating SLAs or launching a new service. This placed cost/benefit decisions squarely with business unit managers, who were now much more disciplined with IT requests. Not surprisingly, the quality of business data provided to IT also improved.

Looking Back...It's Simply Irresistible

ITIL Capacity Management processes were first to be scrutinized via a pilot project in this broader ITIL campaign. This focus impacted a more stand-alone team within IT, minimizing risk and disruption to day-to-day operations. "The pilot project saved roughly \$5 million in hardware expenses in one exercise alone. It also saved us \$800,000 in annual call center operating costs by improving response time by 5 seconds per call. And that's just the beginning," says the capacity manager.

The significant cost savings and process improvements reinforced the benefits of ITIL and strengthened management resolve to continue with the 2-year project.

"There is no doubt that this pilot highlighted the value of IT," said the capacity manager. "Senior management had a much clearer understanding of the impact both ITIL and capacity planning could have on the business.

"We were able to avoid buying any new servers for a full 22 months," says the capacity manager, "and we did it without sacrificing service levels. With results like that, IT really became viewed as an important contributor to business value."

As confidence grew in the value of TeamQuest software, usage spread to greater portions of their environment. Now an integral part of

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day-to-day operations and strategic planning projects, TeamQuest software has helped standardize data, processes and reporting across the enterprise. Data and analysis generated through TeamQuest software is used not only in Capacity Management practices, but also across a multitude of other ITIL areas, further enhancing its value and ROI to the company.

“Looking back, the combination of ITIL and TeamQuest software is really irresistible,” says the capacity manager. “Over a three year period, TeamQuest delivered hardware and software savings in excess of 25 percent of our annual IT budget. That’s a lot of cash. It is easy to see why we consider ITIL and TeamQuest a competitive advantage.”

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WORLDWIDE HEADQUARTERS

UNITED STATES

TeamQuest Corporation
One TeamQuest Way
Clear Lake, Iowa USA 50428

OTHER LOCATIONS

SWEDEN
GERMANY
UNITED KINGDOM
MEXICO
HONG KONG

With resellers in many additional countries.

CONTACT US

info@teamquest.com
teamquest.com/about-us/contact-us/

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